

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 6987**

**BILL NUMBER: SB 315**

**DATE PREPARED:** Jan 4, 1999

**BILL AMENDED:**

**SUBJECT:** International Baccalaureate Program.

**FISCAL ANALYST:** David Hoppmann

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**FUNDS AFFECTED: X GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** **1)** This bill would establish an “International Baccalaureate Organisation” (IBO) subject examination participation and passing scores benchmark to be reported to the Department of Education (the Department) as a component of the Performance-Based Award and Incentive Program under the Performance-Based Accreditation System. It would require that the Department pay public school student fees for taking IBO subject examinations (subject to the availability of appropriations), and encourage public high schools and students to participate in the “IB Diploma Program” (the Program).

**2)** It would require that state IBO distributions (based on the number of students obtaining IB diplomas) be counted in a school corporation’s average daily membership (ADM) portion of the transfer tuition funding formula regarding IB diploma general fund revenues. It would not allow these revenues to be included in a school corporation’s “previous year revenue” calculation for purposes of tuition support funding via the tuition support funding formula. It would allow for these revenues in the total tuition support calendar year appropriation caps as a conforming change.

**3)** It would establish the IB Diploma Higher Education Loan Program (Loan Program) for Indiana residents who graduate from a public or private high school with an IB diploma, maintain residency in Indiana, and attend an Indiana public or private nonprofit institution of higher learning on a full-time or part-time basis. It would provide eligible students with a loan in the amount equal to the undergraduate tuition at the Indiana institution of the student's choice (subject to the availability of appropriations), less an adjustment for money awarded to the student under other state higher education award programs. It would provide for forgiveness of the loan obligation if a loan recipient graduates from the Indiana institution, remains a resident of Indiana for four consecutive years following graduation, and remains employed in Indiana for at least 42 months of the four consecutive years following graduation. It would provide for administration of this provision by the State Student Assistance Commission (the Commission).

**4)** It would provide \$800 IB diploma awards to school corporations for each eligible pupil of the school

corporation who receives an IB diploma.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:** 1) This bill would require the Department to do the following: 1) pay the fees for each IBO subject examination that is taken by each eligible student (to the extent that funds are appropriated); 2) encourage school corporations to offer the Program; 3) encourage students to participate in the Program; 4) prepare and submit an annual report to the State Board of Education containing specific information regarding the Program and its implementation; and 5) establish guidelines, adopt rules, and administer the implementation of the Program in accordance with the provisions of this bill.

### **IBO BACKGROUND**

The IBO is a nonprofit educational foundation based in Geneva, Switzerland. It offers the Program for students in the final two years of secondary school. The Program is a rigorous pre-university course of study that requires students to: 1) take part in a specific six-part, two-year curriculum; 2) undertake original research leading to a 4000 word extended essay; and 3) take part in community service activities. In addition, students are required to pass six different subject examinations corresponding to their specific curriculum.

Students who do not satisfy all requirements of the IB diploma or who elect to take fewer than six subjects of the two-year curriculum are awarded certificates for each subject area test that is completed. Currently, there are approximately 800 IBO participating schools in more than 100 countries around the world.

### **IB DIPLOMA PROGRAM SCHOOLS IN INDIANA**

Currently, there are three high schools in Indiana that offer the Program. They are as follows: 1) Valparaiso High School (Valparaiso); 2) South Side High School (Fort Wayne); and 3) North Central High School (Indianapolis).

Of the three IBO schools mentioned above, North Central High School has been involved with the Program for the longest period of time (since 1989). For the past four school years (1995, 1996, 1997, and 1998), North Central High School has produced approximately twelve IB diploma students per year (approximately 2% of its graduating class of seniors).

Since the other two high schools do not have similar historical data, this analysis will be based on data from North Central High School (2% of the total graduating senior class receiving IB diplomas). This analysis also assumes that all students will begin and finish as IB diploma candidates.

### **IB DIPLOMA AWARD AND CERTIFICATE CANDIDATE FEES**

Currently, schools and parents share the cost of examination fees. The full amount of fees are required to be paid in advance. If a student does not satisfy the requirements, no refund is afforded the school or the parents. This bill would require the Department to pay all fees associated with IBO subject examinations (subject to the availability of appropriations) taken by each IBO student whether a Diploma or Certificate Candidate.

IB diploma and certificate candidate fees are broken down in the following tables:

### **IB DIPLOMA COST PER STUDENT (table #1)**

|                             |            |
|-----------------------------|------------|
| Per Capita Fee              | \$125      |
| Registration Fee            | 65         |
| Subject Fees (48.00 * 6)    | 288        |
| Extended Essay Fee          | 30         |
| Per Theory of Knowledge Fee | 20         |
| <b>Total</b>                | <b>528</b> |

Currently, there are approximately 350 public high schools in Indiana. This bill would require the Department to pay all fees associated with IBO subject examinations for up to 350 public high schools (subject to the availability of appropriations). Based on the ability of schools to offer the Program, the fee and loan incentive package of this bill, and the 2% IB diploma rate of North Central High School, approximately 1,190 public school graduating seniors could graduate with IB diplomas (1997 total state graduating class of 59,502 students \* .02)

The bill would require the Department to pay all testing fees for a maximum annual total cost of approximately \$628,320 (subject to the availability of appropriations).

This bill would also require the Department to provide \$800 IB diploma awards to school corporations for each eligible pupil of the school corporation who receives an IB diploma. Based on the 1,190 students estimated to potentially earn IB diplomas, the Department could be required to award school corporations a maximum annual total of approximately \$952,000 (subject to the availability of appropriations).

The maximum annual cost to the State for this portion of the bill could total approximately \$1,580,320.

#### ADMINISTRATIVE COSTS TO THE DEPARTMENT

Passage of this portion of the bill would likely result in additional administrative costs to the Department.

2) Under current law, the following state distributions to school corporations resulting from Average Daily Membership (ADM) counts are included in the transfer tuition funding formula computation: 1) Primetime; 2) Tuition Support; 3) Enrollment Growth Grant; 4) At-Risk; 5) Academic Honors; 6) Vocational and Special Education; and 7) Average Daily Attendance (ADA). This bill would include IB Diploma awards in the transfer tuition funding formula computation.

Under current law, the following state revenues are subtracted out of a school corporation's total tuition support revenue for the purpose of defining "previous year revenue" in accordance with the state tuition support funding formula: 1) Vocational and Special Education; 2) At-Risk; 3) Enrollment Adjustment; and 4) Academic Honors.

This bill would include IB diploma awards in the "subtract-out" for purposes of the state tuition support funding formula, previous year revenue calculations. It would also include these revenues in the total tuition support calendar year appropriation caps in order to determine reductions in state tuition support (IB Diploma awards made to school corporations in accordance with this bill, could increase total tuition support above the total tuition support calendar year, thus requiring state tuition support to be reduced for Indiana's 294 school corporations).

The effects of this portion of the bill would vary from school corporation to school corporation, and would depend upon local action.

3) This bill would establish the Loan Program for Indiana residents who graduate from a public or private high school with an IB diploma, maintain residency in Indiana, and attend an Indiana public or private nonprofit institution of higher learning on a full-time or part-time basis. The Loan Program would be administered by the State Student Assistance Commission (the Commission).

Subject to the availability of funds, this bill would allow eligible students to receive a loan for up to 8 semesters or 12 quarters of postsecondary school undergraduate tuition. For the 1997-98 college year, the weighted average of Indiana resident undergraduate fees was approximately \$3,085.

Based on 1,190 potential students, the Commission could be required to distribute a maximum of approximately \$3,671,150 on an annual basis for each new cohort of public high school graduating IB diploma students (the number of eligible students choosing not to complete a four-year study program at an approved institution of higher learning would reduce this annual distribution proportionately).

In addition, the Commission could be required to distribute a maximum of approximately \$203,610 on an annual basis for each new cohort of nonpublic high school IB graduating students (based on 2% of the 1996 nonpublic graduating senior class of 3,298) for a total annual distribution of approximately \$3,874,760.

In order to be renewed for continuing loan assistance, eligible students would be required to have completed one year of study at an approved institute of higher learning with a passing grade the first year, or a at least a "C" grade point average or the equivalent in each year thereafter. Over a *four-year period (based on the availability of funds)*, the Commission could be required to distribute a maximum of approximately \$15,499,040 in loan monies to each cohort of graduating IB diploma students.

This bill would provide for forgiveness of the loan obligation if a loan recipient graduates from an Indiana institution, remains a resident of Indiana for four consecutive years following graduation, and remains employed in Indiana for at least 42 months of the four consecutive years following graduation.

**If** all IB diploma students as estimated above, fulfilled the above requirements, the **maximum** four-year cost to the State for this portion of the bill could total approximately \$15,499,040.

#### ADMINISTRATIVE COSTS TO THE COMMISSION

Passage of this portion of the bill would likely result in additional administrative costs to the Commission regarding the following: 1) travel; 2) salaries; 3) office and computer rental; 4) telephone and mailing; and 5) supplies. In addition, the Commission would incur an indeterminable yearly expense associated with the guaranteeing of loans, and the processing of delinquent and defaulted loans (this figure would depend upon how many loans would be guaranteed, and how many loans would fall into a delinquent or defaulted status).

Administrative costs would be paid from monies in the Fund.

This bill would make no appropriations.

**Explanation of State Revenues:** See Explanation of State Expenditures.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** See Explanation of State Expenditures.

**State Agencies Affected:** Department of Education, State Student Assistance Commission, and Treasurer of the State.

**Local Agencies Affected:** School Corporations.

**Information Sources:** Commission of Higher Education, 1997-98 Resident Fee Undergraduate Rate Sheet.